

## Message Text

PAGE 01 STATE 028229  
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S E C R E T STATE 028229

NODIS

FOL RPT BONN 02295 ACTION SECSTATE 7 FEB QUOTE

S E C R E T BONN 02295

NODIS

E.O. 11652: XGDS-1  
TAGS: TECH, PARM, GW, BR  
SUBJ: HERMES DELEGATION VISIT TO WASHINGTON --  
FRG-BRAZIL NUCLEAR DEAL

REF: (A) BONN 02234, (B) STATE 024891, (C) STATE  
024890, (D) BONN 02098, (E) BRASILIA 0903

### 1. SUMMARY:

A. IN MY VIEW, THE MOST IMPORTANT THING IN  
DEALING WITH OUR CONCERNS OVER THE FRG/BRAZIL DEAL IS  
TO KEEP OUR OPTIONS OPEN. TO THAT END, WE SHOULD  
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PRESS THE GERMANS AND BRAZILIANS TO DELAY ANY ACTION  
WHICH WOULD BE IRREVERSIBLE.

B. IT IS ESSENTIAL IN THE PROCESS THAT WE ASSURE  
BOTH THE GERMANS AND BRAZILIANS THAT OUR MOTIVATIONS  
ARE NOT COMMERCIAL AND THAT WE DO NOT OBJECT TO THE  
TRANSACTION, ITSELF, BUT ONLY TO SENSITIVE ASPECTS  
OF IT. RECENT OFFICIAL STATEMENTS IN WASHINGTON  
HAVE BEEN MOST HELPFUL IN DEALING WITH THIS IMPRESSION  
WHICH HAS BEEN FED EITHER INTENTIONALLY OR BY LACK OF  
UNDERSTANDING BY THE GERMAN PUBLIC MEDIA. WE SHOULD

ALSO CONTINUE TO MAKE CLEAR THAT WE WOULD BE HAPPY TO HELP IN FACILITATING ALTERNATIVE WAYS OF DEALING WITH REPROCESSING AND ENRICHMENT REQUIREMENTS.

C. TO THAT END, WE SHOULD PROBE VERY CAREFULLY TO SEE HOW ESSENTIAL IT IS THAT THE PENDING EXPORT LICENSES BE ISSUED AT THIS TIME. WE SHOULD ALSO GET A CLEAR IDEA OF WHAT THE ISSUANCE OF SUCH LICENSES WOULD MEAN. WE SHOULD STRESS TO THE FRG DELEGATION THE FACT THAT WE MUST NOT BE STAMPEDED INTO A COURSE OF ACTION WHICH COULD HAVE IMPLICATIONS FOR GLOBAL NUCLEAR SUPPLIER POLICY.

D. WE SHOULD ALSO KEEP IN MIND THAT FOREIGN MINISTER GENSCHER SEEMS TO BE UNDER MUCH GREATER PRESSURE TO GO THROUGH WITH THIS TRANSACTION UNCHANGED THAN THE CHANCELLOR, PERHAPS DUE TO THE CLOSER RELATIONS BETWEEN THE FDP AND GERMAN INDUSTRIAL LEADERS, AS WELL AS HIS PERSONAL IDENTIFICATION WITH THE AGREEMENT. WE SHOULD, THEREFORE, CONTINUE THE HIGH LEVEL RELATIONSHIP WHICH ALREADY EXISTS WITH THE CHANCELLOR HIMSELF. IF WE STAND FIRM, I THINK WE CAN GET A FURTHER DELAY AT AN ACCEPTABLE PRICE AS FAR AS OUR BILATERAL RELATIONS ARE CONCERNED. END SUMMARY.

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## 2. PERSONALITIES AND THE FRG DECISION CHAIN

A. THE CHANCELLOR HAS SHOWN MORE RECOGNITION OF THE IMPORTANCE OF THIS ISSUE THAN HAS FOREIGN MINISTER GENSCHER, WHO SIGNED THE AGREEMENT; HIS FOREIGN OFFICE COLLEAGUES SUCH AS STATE SECRETARY HERMES WHO NEGOTIATED IT AND DEFENDED IT AGAINST INITIAL EXPRESSIONS OF US CONCERN; AND THE OFFICIALS OF THE OTHER MINISTRIES INVOLVED -- RESEARCH AND TECHNOLOGY AND ECONOMIC AFFAIRS WHO HAVE ALWAYS BEEN OVERWHELMED BY THE MAGNITUDE OF THE BRAZILIAN ORDER AND THE OPPORTUNITY TO EXPORT GERMAN HIGH TECHNOLOGY INTO AN AS YET UNDERDEVELOPED MARKET. THE COMPOSITION OF THE GERMAN DELEGATION, AND OTHER EVIDENCE, SUGGESTS THAT THE FOREIGN OFFICE NOW HAS COMPLETE ACTION RESPONSIBILITY. HERMES IS VERY COMPETENT BUT NOT LIKELY TO BE FLEXIBLE. ALTHOUGH HE IS QUITE CAPABLE OF STONE-WALLING, WE JUDGE THAT HE WILL CARRY OUT HIS INSTRUCTIONS FROM THE CHANCELLOR AND THAT, UNDER THESE, ADDITIONAL DELAY IN GERMAN ACTION SHOULD BE POSSIBLE.

B. THE MINISTRY FOR RESEARCH AND TECHNOLOGY (BMFT) NO LONGER PLAYS THE PREEMINENT ROLE IT FIRST DID DURING THE INITIAL US-FRG CONFRONTATIONS ABOUT THE AGREEMENT. MINISTER MATTHOEFER SEEMED SCARCELY

INTERESTED IN THIS TOPIC WHEN I SPOKE WITH HIM A FEW DAYS AGO. HIS MINISTRY'S REPRESENTATIVE ON THE DELEGATION, STATE SECRETARY HAUNSCHILD, IS COMPETENT AND ARTICULATE. HE HAS BEEN INVOLVED IN THE NEGOTIATIONS WITH BRAZIL SINCE THEIR INCEPTION AND CAN BE EXPECTED TO MAKE A SIGNIFICANT CONTRIBUTION TO THE COMING NEGOTIATIONS. I RECOMMEND, HOWEVER, (WITH CERTAIN QUALIFICATIONS IMPLICIT BELOW) THAT THE US SIDE AVOID DEBATE WITH HIM ABOUT THE PHILOSOPHY OF NUCLEAR EXPORT CONTROLS AND THE INEVITABILITY OF NATIVE DEVELOPMENT OF REPROCESSING

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TECHNOLOGY IN BRAZIL. WE SHOULD, I BELIEVE, KEEP A SHARP FOCUS ON THE POLITICAL PROBLEMS INVOLVED IN ACHIEVING US OBJECTIVES, IN PARTICULAR, CONTINUED DELAY IN ISSUANCE OF THE EXPORT LICENSES FOR SENSITIVE TECHNOLOGIES.

C. HAUNSCHILD WILL BE ACCOMPANIED BY LOOSCH ("DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL SCIENTIFIC AFFAIRS" -- LESS COMPETENT BUT ARTICULATE AND QUITE CAPABLE OF SIDE-TRACKING THE DISCUSSIONS IF PERMITTED TO DO SO). THE THIRD MAN OF THE BMFT GROUP WILL BE DR. MANFRED HAGEN, CHIEF OF ONE OF THE TWO NUCLEAR FUEL CYCLE SECTIONS IN THE BMFT. HAGEN, THE ONLY SCIENTIST ON THE DELEGATION, IS RESPONSIBLE FOR THE "BACK-END" OF THE NUCLEAR FUEL CYCLE (REPROCESSING AND WASTE MANAGEMENT) AND FOR SAFEGUARDS. ALTHOUGH NOT DIRECTLY INVOLVED IN QUESTIONS OF ENRICHED URANIUM SUPPLY, HE IS AWARE OF THE TIGHTENING SUPPLY PICTURE THROUGHOUT THE LAST FEW YEARS AND OF THE DELAYS IN AUTHORIZATION OF US EXPORT LICENSES FOR SHIPMENTS TO THE FRG. HE WOULD BE, THEREFORE, THE DELEGATION'S MOST COMPETENT CRITIC OF US NUCLEAR FUEL GUARANTEES AS AN ALTERNATIVE TO ENRICHMENT AND REPROCESSING IN BRAZIL, SHOULD THE GERMANS DECIDE TO ATTACK US ON THAT POINT.

D. WE PRESUME THAT THE MINISTRY FOR ECONOMIC AFFAIRS HAS ALSO BEEN ECLIPSED BY HIGH-LEVEL US-FRG CONTACTS. AS OF FEB. 4, NO REPRESENTATIVE FROM THIS MINISTRY HAD YET BEEN SELECTED. WE UNDERSTAND THAT A RELATIVELY JUNIOR OFFICIAL, POSSIBLY AT THE DEPUTY ASSISTANT SECRETARY LEVEL, WILL BE CHOSEN. UNDER HERMES LEADERSHIP, THE FOREIGN OFFICE GROUP WILL INCLUDE DITTMANN ("DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS") AND DR. ROUGET, OFFICE CHIEF FOR ATOMIC ENERGY AFFAIRS. WE EXPECT THEM TO BE

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RELATIVELY INACTIVE, IN VIEW OF HERMES LONG  
EXPERIENCE AND KNOWLEDGE IN THIS FIELD.

3. THE CURRENT STATUS OF THE PROGGAM

A. IMPLEMENTATION OF THE GERMAN-BRAZILIAN  
AGREEMENT HAS ALREADY BEGUN. TWO NUCLEAR POWER PLANTS  
ARE UNDER CONSTRUCTION. EXCHANGE VISITS BY EXPERTS AND  
THE TRAINING OF BRAZILIANS IN GERMAN NUCLEAR FACI-  
LITIES PREDATE SIGNATURE OF THE AGREEMENT. RECENT  
EXCHANGES INCLUDE TRAINING IN REPROCESSING TECHNOLOGY  
IN THE WAK PILOT PLANT AT THE KARLSRUHE NUCLEAR  
CENTER AND CONTACTS WITH THE INSTITUTE FOR NUCLEAR  
PROCESS TECHNOLOGY THERE -- THE "BECKER INSTITUTE"  
RESPONSIBLE FOR DEVELOPMENT OF THE JET NOZZLE  
URANIUM ISOTOPE SEPARATION PROCESS -- AS WELL AS  
INTERATOM AND STEAG, THE GERMAN FIRMS INVOLVED IN THE  
ENRICHMENT PROJECT. WE UNDERSTAND THAT 70-80  
INDUSTRIAL CONTRACTS HAVE ALREADY BEEN SIGNED, EVEN  
THOUGH LICENSES FOR THE EXPORT OF SENSITIVE "KNOW-HOW"  
HAVE NOT YET BEEN UWD.

B. IT IS IMPORTANT TO KEEP THIS STATUS IN MIND  
WHEN DEALING WITH THE GERMANS. GERMAN OFFICIALS  
REGRET THAT THE TERMINOLOGY USED IN SOME DISCUSSIONS  
AND PARTICULARLY IN THE PUBLIC PRESS, TENDS TO  
CONFUSE THE ISSUE AND MAKES IT POSSIBLE TO EXAGGERATE  
THE NEGATIVE IMPACT OF US DEMANDS ON THE GERMAN-  
BRAZILIAN DEAL AND THE GERMAN NUCLEAR INDUSTRY. MOST  
CHARGES THAT THE GERMANS WILL LOSE THE ENTIRE  
DM 12 BILLION DEAL STEM FROM SUCH LACK OF SPECIFICITY.  
WE CLEARLY SEEK NO DELAY IN IMPLEMENTATION OF THE WHOLE DEAL-- IT IS  
TOO  
<< END OF DOCUMENT >>

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